



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

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Fifth District

October 14, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO LEASE NO. 66751
DEPARTMENTS OF PUBLIC SOCIAL SERVICES,
CHILDREN AND FAMILY SERVICES, AND
REGISTRAR-RECORDER/COUNTY CLERK
2700 GARFIELD AVENUE, COMMERCE
(FIRST) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached Amendment No.1 with the Rosalinde and Arthur Gilbert Foundation (Lessor) to extend the term of Lease No. 66751 for a five-year period for the continued occupancy of 60,140 rentable square feet for the Departments of Public Social Services (DPSS), Children and Family Services (DCFS), and a new occupant, Registrar-Recorder/County Clerk (RR/CC), at 2700 South Garfield Avenue, Commerce, at an initial annual rent of \$274,526.
2. Find that this lease Amendment No. 1 is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Authorize the Chief Administrative Office (CAO), DPSS, DCFS, and RR/CC, to implement the project. The five-year extension in Amendment No. 1 to Lease No. 66751 will commence November 1, 2003 upon approval by your Board.

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this proposed Amendment No. 1 to Lease No. 66751 will allow the County to end its month-to-month holdover of the lease and will extend the term of the lease for five years by amendment. The County has been on a holdover at this site since April 15, 2003 when the ten-year lease expired. DPSS has occupied the warehouse facility since 1993 and refurbished the space in 2001 to allow for a more efficient use of the warehouse and offices at this site. The cost of renovating warehouse space and build-out offices at a different location makes relocating these programs unfeasible at this time. The CAO is in the process of reviewing alternatives in the County's approach to warehouse operations. Should a more cost effective facility or housing approach become available in the near future, the early termination right negotiated in Lease Amendment No. 1 affords the County flexibility in planning future warehouse needs.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we strengthen the County's fiscal capacity (Goal 4). In this case, we have consolidated multiple departmental functions and are housing subvented programs in leased space in accordance with the Strategic Asset Management Principles, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual base rent cost for the subject facility will initially be \$259,805. The base rent will be adjusted on an annual basis by Consumer Price Index (CPI) to a maximum potential annual base rent of \$311,775 during the fifth year of the amended lease term.

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2700 S. Garfield Ave	EXISTING LEASE	AMENDED LEASE	CHANGES
Area (Square feet)	60,140	60,140	None
Term	04/13/93 to 4/14/03 (Month-to-Month since 04/15/2003)	11/01/03 to 10/31/08	5 years
1 st yr Base Rent	\$237,408 (\$3.95/sq.ft.)	\$259,805 (\$4.32/sq.ft.)	+\$22,397*
Additional Tenant Improvements (deferred maintenance)	None	\$ 60,500 (\$1.00/sq.ft.)	+\$60,500
Maximum 1 st year Rent	N/A	\$274,526 (\$4.56/sq.ft.)	\$37,118**
Parking Included in Rent	40 off-street spaces	40 off-street spaces	None
Cancellation	30 days notice	Anytime on 120 days notice after the 30 th month	+ 90 days notice
Option to Renew	None	One (5-year) option	One (5-year) option
Rental Adjustment	Annual CPI with a Cap of 5%	Annual CPI with a Cap of 5%	None

* Base rent includes the seismic retrofit costs estimated to be \$75,000 amortized at 8 percent over a 5-year term, reimbursable only if the County cancels the lease prior to the end of the term.

**Maximum 1st year rent includes base rent and cost of Additional Tenant improvements amortized at 8 percent over a 5-year term.

The rent under the amended lease will be subject to annual CPI increases capped at five percent beginning at the second year of the term.

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Sufficient funding for the proposed lease amendment is included in the 2003-04 Rent Expense Budget and will be charged back to DPSS, DCFS, and RR/CC in proportion to the amount of space they occupy. Sufficient funding is available in DPSS, DCFS, and RR/CC operating budgets to cover the proposed lease costs.

The annual lease cost for DPSS is \$195,477, which is approximately 90 percent subvention funded. The annual lease cost for DCFS is \$10,577, which is approximately 87 percent subvention funded. The lease cost for the RR/CC is \$68,472 annually, which is a net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

DPSS has occupied 60,140 rentable square feet of warehouse and office space in the building since 1993. DPSS has recently reorganized the warehouse and effectively reduced its use from 60,140 rentable square feet to 42,823 rentable square feet. The warehouse space now occupied by DPSS includes approximately 10,000 square feet of office space which continues to house 45 staff related to their warehouse operations, including procurement, accounts payable and warehouse staff, and 32,823 square feet of warehouse space used to house and distribute items necessary to service DPSS district offices Countywide.

The reduction in use/occupancy by DPSS has allowed the RR/CC to backfill 15,000 rentable square feet of warehouse space in this facility for storage of election materials and equipment that are used during special and general elections Countywide. In addition, DCFS currently occupies 2,317 square feet of secured warehouse space for storage of computers, hardware, and related information technology services (ITS) equipment.

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The proposed Amendment No. 1 to Lease No. 66751 provides 60,140 rentable square feet of warehouse/office space and 40 off-street parking spaces.

The amended lease contains the following provisions:

- \$ Five-year lease renewal; the new base rent during the first year is \$274,526.
- \$ The lease continues on a triple net basis. The County is responsible for all utilities, operating, and maintenance costs.
- \$ The Lessor will provide 40 parking spaces included in the rental rate, which is sufficient to meet the parking needs of the staff.
- \$ The Lessor will upgrade the building to current seismic building code standards.
- \$ The Department of Public Works will review and inspect the seismic retrofit when completed to ensure the work is in compliance with County standards.
- \$ The Lessor will provide additional tenant improvements (TI) consisting solely of deferred maintenance items, including miscellaneous facility repairs, repaving of the parking lot, and HVAC, as shown in a facility inspection report dated October 12, 2002 provided by the Lessor. The County will reimburse the Lessor for all additional TI costs not to exceed \$60,500, excluding seismic upgrades, and will amortize said costs at the rate of eight percent interest per annum over the five-year lease term.
- \$ A cancellation provision is retained in the lease allowing the County to cancel the lease anytime after the 30th month on 120 days prior written notice. If the cancellation is exercised, the County will reimburse the Lessor for the unamortized amount remaining for the cost of the additional TI and the seismic upgrades.
- \$ The lease provides one five-year option to renew.

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CAO Real Estate staff surveyed the program's service area to determine the market rate of comparable sites. Based upon said survey, staff has established that the base rental range including parking for similar property is between \$5.70 and \$6.24 per square foot per year triple net. Thus, the base annual rent of \$4.56 per square foot for the base lease cost is below the market range. Attachment B shows County-owned and leased facilities within the search area for these programs and none are available to house these programs.

The Department of Public Works has inspected this facility and has recommended a seismic upgrade. The Lessor has agreed to seismically upgrade the facility as a condition of the lease renewal.

The warehouse building is not suitable for a childcare center. However, there are two private childcare centers available for County employees within a five-mile radius of the subject location.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed Amendment No. 1 to Lease No. 66751 is in the best interest of the County and will allow DPSS, DCFS, and the RR/CC to continue using the warehouse facility. DPSS, DCFS, and the RR/CC concur with this recommendation.

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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two originals of the executed Amendment No. 1 to Lease No. 66751, two certified copies of the Minute Order and the adopted, stamped Board letter to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:TJS:hd

Attachments (2)

c: County Counsel
Auditor-Controller
Department of Public Social Services
Department of Children and Family Services
Registrar-Recorder/County Clerk

2700commerce.b

**DEPARTMENT S OF PUBLIC SOCIAL SERVICES, CHILDREN AND FAMILY SERVICES AND
REGISTRAR RECORDER/COUNTY CLERK
2700 S GARFIELD AVENUE, COMMERCE**

Asset Management Principles Compliance Form ¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ² This is warehouse space with DPSS being the only department with administrative support staff at the facility.		X	
	B	Does lease co-locate with other functions to better serve clients? ²	X		
	C	Does this lease centralize business support functions ? ²			X
	D	Does this lease meet the guideline of 200 sq ft of space per person? ² No, the space is used as warehouse for DPSS, DCFS, and RR/CC .		X	
2.	<u>Capital</u>				
	A	Should program be in leased space to maximize State/Federal funding?	X		
	B	If not, is this a long term County program?			X
	C	Is it a net County cost (NCC) program? The lease cost for the DPSS is (\$195,477 annually) and the subvention rate is 90%, offset by State and Federal funding. The lease cost for the DCFS space is (\$10,577 annually) and the subvention rate is 87%, offset by State and Federal funding. The lease cost for the Registrar Recorder (\$68,472 annually) is a net County cost.	X		
	D	If yes to 2 B or C; capital lease or operating lease with an option?		X	
	E	If no, are there any suitable County-owned facilities available?		X	
	F	If yes, why is lease being recommended over occupancy in County-owned space?			X
	G	Is Building Description Report attached as Attachment B?	X		
	H	Was build-to-suit or capital project considered? A build-to-suit project is currently under study.	X		
3.	<u>Portfolio Management</u>				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" facility.			
		2. ___ No suitable County occupied properties in project area.			
		3. ___ No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. <u>X</u> The Program is being co-located.			
	E	Is lease a full service lease? ² Warehouse space leased is triple net, requiring the County to be responsible for all cost associated with the occupancy.		X	
	F	Has growth projection been considered in space request? The co-location has maximized use of the existing space.		X	
	G	Has the Dept. of Public Works completed seismic review/approval? No. DPW will complete review and inspect when work is completed by the Lessor.		X	
	¹ As approved by the Board of Supervisors 11/17/98				
	² If not, why not?				

LACO	Facility Name	Address	Distance In Miles	Gross SQFT	Net SQFT	Vacant SQFT
5289	FIRE-PUMPER TEST AND STORAGE BUILDING	1320 N EASTERN AVE, LOS ANGELES 90063-3294	6.3	4,019	3,849	--
Y458	ISD-EASTERN AVE COMPLEX SPECIAL CRAFTS BLDG	1106 N EASTERN AVE, LOS ANGELES 90063	5.8	13,260	11,140	--
Y666	ISD-EASTERN AVENUE COMPLEX STORAGE BUILDING	1100 N EASTERN AVE, LOS ANGELES 90063	5.8	663	610	--
X734	WHITTIER NARROWS-STORAGE BLDG #1	1000 N DURFEE AVE, SOUTH EL MONTE 91733	7.8	142	136	--
X740	WHITTIER NARROWS-STORAGE SHED NO.5	750 S SANTA ANITA AVE, SOUTH EL MONTE 91733	7.9	180	150	--
X741	WHITTIER NARROWS-STORAGE SHED NO.6	750 S SANTA ANITA AVE, SOUTH EL MONTE 91733	7.9	180	150	--
A257	MED CTR-SUPPLIES WAREHOUSE/ MEDICAL RECORDS	2011 N SOTO ST, LOS ANGELES 90032	9.2	83,665	75,300	--
A391	DA-CRIMINAL FILE STORAGE/ FRAUD INVESTIGATORS	5300 HARBOR ST, CITY OF COMMERCE 90040	2.2	52,300	49,685	--
A912	PROBATION-PROPERTY & SUPPLY WAREHOUSE	4549 TELEGRAPH RD, EAST LOS ANGELES 90022	3.4	13,590	9,851	--
A945	DPSS-DISTRIBUTION CENTER/ MULTI-USE WAREHOUSE	2700 GARFIELD AVE, COMMERCE 90040	0.0	60,140	58,537	--
B050	REGISTRAR-RECORDER-SUPPLIES WAREHOUSE	1050 S MAPLE AVE, MONTEBELLO 90640	1.5	44,000	23,966	--
D530	TREAS & TAX COLLECTOR-PUBLIC ADMIN WAREHOUSE	4821 GREGG RD, PICO RIVERA 90660	5.4	75,000	62,180	--
0277	MED CTR-EMPLOYEES CHILD CARE CTR STORAGE SHED	1401 N MISSION RD, LOS ANGELES 90031	8.5	1,000	950	--
1465	JUVENILE HALL-STORAGE BUILDING-10A	1605 EASTLAKE AVE, LOS ANGELES 90033	9.3	1,816	1,617	--
1646	PW CENTRAL YARD-CARPENTER'S STORAGE BUILDING	1525 ALCAZAR ST, LOS ANGELES 90033	9.3	2,400	430	--
1681	PW CENTRAL YARD-SWITCHBOARD ROOM STORAGE SHED	1525 ALCAZAR ST, LOS ANGELES 90033	9.3	800	144	--
2362	PW CENTRAL YARD-MAINTENANCE GROUP WAREHOUSE	1525 ALCAZAR ST, LOS ANGELES 90033	9.3	10,560	9,498	--
3108	JUVENILE HALL-STORAGE BLDG-12C	1605 EASTLAKE AVE, LOS ANGELES 90033	9.3	2,831	1,519	--
3373	PW CENTRAL YARD-EQUIPMENT WAREHOUSE	1525 ALCAZAR ST, LOS ANGELES 90033	9.3	9,882	6,564	--
3375	PW CENTRAL YARD-ELECTRICAL VAULT/STORAGE BLDG	1525 ALCAZAR ST, LOS ANGELES 90033	9.3	364	110	--
4081	SALAZAR-MAINTENANCE STORAGE BUILDING	3864 E WHITTIER BLVD, EAST LOS ANGELES 90023	4.4	384	302	--
4086	MAYBERRY-SERVICE STORAGE BUILDING	13201 E MEYER RD, WHITTIER 90605	7.8	375	345	--
4442	CITY TERRACE-STORAGE BUILDING	1126 N HAZARD AVE, EAST LOS ANGELES 90063	6.2	352	146	--
4585	MED CTR-STOREROOM	1100 N MISSION RD, LOS ANGELES 90033	9.9	1,004	940	--
4618	SORENSEN-SERVICE STORAGE BUILDING	11419 ROSEHEDGE DR, WHITTIER 90606	5.7	375	345	--
5261	MED CTR-GENERAL STORAGE BUILDING	1200 N STATE ST, LOS ANGELES 90033	8.0	131	108	--
5331	MED CTR-MEDICAL RECORDS/ PHARMACY WAREHOUSE	1200 N STATE ST, LOS ANGELES 90033	8.0	1,004	940	--
5332	MED CTR-PHARMACY STOREROOM	1200 N STATE ST, LOS ANGELES 90033	8.0	1,134	1,065	--
5333	MED CTR-PHARMACY STORAGE	1200 N STATE ST, LOS ANGELES 90033	8.0	1,090	1,007	--
5334	MED CTR-STOREROOM	1200 N STATE ST, LOS ANGELES 90033	8.0	1,004	940	--
5458	PW CENTRAL YARD-MAIN WAREHOUSE	1537 ALCAZAR ST, LOS ANGELES 90033	9.3	59,594	53,646	--
6481	MED CTR-BUILDING 110 - CENTRAL FILES STORAGE	1711 GRIFFIN AVE, LOS ANGELES 90031	9.2	10,242	7,693	--
6486	MED CTR-BUILDING 120 - SUPPLIES WAREHOUSE	1711 GRIFFIN ST, LOS ANGELES 90031	9.2	1,479	1,177	--
6493	MED CTR-OFFICE MACHINES STORAGE BUILDING	1739 GRIFFIN AVE, LOS ANGELES 90031	9.2	246	214	--
F445	PW FLOOD-RIVERVIEW STORAGE BLDG	603 RIVERVIEW RD, MONTEBELLO 90640	4.5	225	203	--
F446	PW FLOOD-RIVERVIEW STORAGE BLDG	603 RIVERVIEW RD, MONTEBELLO 90640	4.5	225	203	--
F447	PW FLOOD-RIVERVIEW STORAGE BLDG	603 RIVERVIEW RD, MONTEBELLO 90640	4.5	225	203	--
F448	PW FLOOD-RIVERVIEW STORAGE BLDG	603 RIVERVIEW RD, MONTEBELLO 90640	4.5	120	108	--
F449	PW FLOOD-RIVERVIEW STORAGE BLDG	603 RIVERVIEW RD, MONTEBELLO 90640	4.5	120	108	--
T053	ISD-WIDE SUPPORT-EMERGENCY SUPPLIES TRAILER	1104 N EASTERN AVE, LOS ANGELES 90063	5.8	267	240	--
T054	BISCALUZ-EMPLOYEE SUPPORT SERVICES CONTAINER	1060 N EASTERN AVE, LOS ANGELES 90063	5.8	660	634	--
X285	PW CENTRAL YARD-AUTO PARTS WAREHOUSE (BLDG-1)	2275 ALCAZAR ST, LOS ANGELES 90033	9.0	8,640	7,776	--
X287	PW CENTRAL YARD-STORAGE BLDG #3	2275 ALCAZAR ST, LOS ANGELES 90033	9.0	8,413	7,572	--
X290	PW CENTRAL YARD-HEAVY EQUIPMENT/ WELDING SHOP	2275 ALCAZAR ST, LOS ANGELES 90033	9.0	10,752	9,677	--
X297	PW CENTRAL YARD-BURLAP BAG SHED	2275 ALCAZAR ST, LOS ANGELES 90033	9.0	1,040	988	--
Y798	MED CTR-OFFICE EQUIPMENT & SALVAGE WAREHOUSE	1808 GRIFFIN AVE, LOS ANGELES 90031	9.1	25,114	24,511	--
Y802	MED CTR-WOMENS HOSPITAL MINI WAREHOUSE	1240 N MISSION RD, LOS ANGELES 90033	8.5	5,150	4,967	--
Y803	MED CTR-GENERAL HOSPITAL MINI WAREHOUSE	1900 ZONAL AVE, LOS ANGELES 90033	8.2	27,899	20,024	--
F319	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	300	285	--
F321	PW FLOOD-IMPERIAL YARD WAREHOUSE	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	1,750	1,575	--
F323	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	150	142	--
F331	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	400	380	--
F332	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	144	137	--
F333	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	400	380	--
F334	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	120	114	--
F335	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	120	114	--
F336	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	400	380	--
F338	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	140	130	--
F339	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	120	114	--
F341	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	240	228	--
F343	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	280	266	--
F344	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	800	760	--
X783	TED WATKINS MEMORIAL-MAINTENANCE STORAGE BLDG	1335 E 103RD ST, LOS ANGELES 90002	9.3	218	181	--
6060	DOWNEY ADMIN CTR-ISD/ITS DATA RECORDS STORAGE	9230 E IMPERIAL HWY, DOWNEY 90242	6.4	5,255	4,745	--
Y201	SHERIFF-CENTRAL PROPERTY WAREHOUSE	14201 TELEGRAPH RD, SOUTH WHITTIER 90604	8.8	55,000	54,044	--
Y202	SHERIFF-CENTRAL SUPPLY WAREHOUSE	14205 TELEGRAPH RD, SOUTH WHITTIER 90604	8.8	45,000	43,714	--
Y672	STAR CENTER-ACADEMY BUILDING P	11515 S COLIMA RD, WHITTIER 90604	9.9	320	320	--
A097	PUBLIC LIBRARY-WAREHOUSE	7309 ADAMS ST, PARAMOUNT 90723	8.3	12,825	12,496	--
A323	SHERIFF-PARAMOUNT VEHICLE THEFT PROGRAM	15155 GARFIELD AVE, PARAMOUNT 90723	8.2	3,223	3,062	--
0146	RANCHO-MATERIALS MANAGEMENT WAREHOUSE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	29,795	28,578	--
1101	PUBLIC SAFETY-RANCHO HARRIMAN HOUSE STORAGE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	4,710	3,050	--
1177	PUBLIC SAFETY-HARRIMAN HOUSE GARAGE STORAGE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	453	412	--
1202	RANCHO-BLDG 305 (UNUSED)/BLDG 306 MED RECORDS	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	21,153	12,751	--
1268	RANCHO-BUILDING MATERIALS WAREHOUSE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	2,233	2,083	--
1270	RANCHO-STORAGE BUILDING	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	610	537	--
1278	RANCHO-SHOP MATERIALS WAREHOUSE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	6,453	5,958	--
2677	OPS-RANCHO POST OFFICE/WAREHOUSE-PROCUREMENT	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	1,000	604	--
3591	RANCHO-BUILDING MATERIALS WAREHOUSE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	4,765	3,998	--
3592	PUB DEF-FORMER RANCHO CHAPEL/ RECORDS STORAGE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	9,600	6,217	--
3767	ANIMAL CONTROL #1-WAREHOUSE	11258 GARFIELD AVE, DOWNEY 90242	5.1	2,000	1,979	--
4121	RANCHO-BUILDING MATERIALS WAREHOUSE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	4,048	3,263	--
4191	ANIMAL CONTROL #1-CONCRETE BARN	11258 GARFIELD AVE, DOWNEY 90242	5.1	225	152	--

**AMENDMENT No. 1 TO LEASE No. 66751
2700 GARFIELD AVENUE, COMMERCE
DEPARTMENT OF PUBLIC SOCIAL SERVICES**

This Amendment No. 1 to Lease No. 66751 is made and entered into this _____ day of _____, 2003, by and between THE ROSALINDE AND ARTHUR GILBERT FOUNDATION referred to as "Lessor", and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee".

WHEREAS, the COUNTY OF LOS ANGELES, as Lessee, has entered into that certain Lease No. 66751 dated April 13, 1993, referred to as "Lease", for approximately 60,140 rentable square feet of warehouse space in a building located at 2700 South Garfield Avenue, Commerce, and,

WHEREAS, the parties are now desirous to amend said Lease No. 66751 to increase the term of the lease beyond the Termination Date for an additional term of five (5) years, commencing upon approval by the Board of Supervisors, County of Los Angeles.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, and intended to be legally bound, Lessor and Lessee hereby covenant and agree as follows:

1. Paragraph 2 TERM, of the Lease shall be amended by adding the following:

Notwithstanding the mutual holdover of the Lease, by Lessor and Lessee, through October 31, 2003, (the "Holdover Period"), the term of the Lease is hereby extended five (5) years such that it shall expire on the last day of October 2008.

Paragraph 2B OPTION TO RENEW of the Lease is hereby amended by adding the following:

Provided Lessee is not in default, Lessee shall have the option to renew this Lease for five (5) years. During such option term, Lessee shall continue to pay the Monthly Base Rent as due hereunder, which Monthly Base Rent shall continue to be adjusted in accordance with the terms of Paragraph 27 of the Lease. In the event that Lessee desires to exercise any such option, Lessee shall deliver Lessor written notice of such exercise not less than 180 days prior to the Lease Expiration Date. The actual exercise of the option shall be only by the Board of Supervisors. Time is of the essence.

2. Paragraph 3. RENT, of the Lease is hereby amended by adding the following:

Prior to November 1, 2003, (the "New Term Commencement Date") and during the Holdover Period, Lessee shall continue to pay a Monthly Base Rent in the amount of \$19,784.04 per month, as required pursuant to the terms of the Lease, and as adjusted in accordance with Paragraph 27 of the Lease upon the rental adjustment date existing prior to this Amendment No. 1. Commencing upon the New Term Commencement Date, the Monthly Base Rent payable with respect to the Premises shall be amended to be equal to Twenty-One Thousand Six Hundred Fifty and 40/100 (\$21,650.40) per month, (\$36 per square foot, Net, Net, Net for the 60,140 square feet which make up the Premises). All rent payable under the Lease, as amended, is payable in advance by Auditor's General Warrant within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim thereof for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month. Rent for any partial month shall be prorated in proportion to the number of days in each month.

3. Paragraph 5. CANCELLATION of the Lease is hereby deleted in its entirety and in its place shall be substituted the following:

Lessee shall have the right to cancel this Lease at or any time after May 31, 2006, and during the option period, if so exercised, by giving one hundred twenty (120) days prior written notice to Lessor. If such cancellation is exercised, Lessee shall reimburse Lessor no later than thirty (30) days after the effective date of such cancellation for the unamortized amount remaining for the cost of tenant improvements which includes the unamortized amount of the seismic upgrades and the additional Lessee Tenant Improvements referenced in Paragraph 27. Tenant Improvements, based upon a five (5) year amortization period which commenced on November 1, 2003, and at an annual interest rate of 8%, payable monthly.

4. Paragraph 6. HOLDOVER of the Lease is hereby deleted in its entirety and in its place shall be substituted the following:

In case Lessee holds over beyond the end of the term provided with the consent express or implied of Lessor, such tenancy shall be for two (2) month periods only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at the rate prevailing under the terms of this Lease. Either party may during the holdover cancel this Lease by giving the other party not less than sixty (60) days prior written notice.

5. Paragraph 18. TAXES of the Lease is hereby amended by adding the following:

Lessee pro-rata share of the real property taxes shall be 39% of the entire property tax bill for the property of which the Premises are a part.

6. Paragraph 22. GENERAL PROVISIONS of the Lease is hereby amended by adding the following:

Q. Community Business Enterprise

Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, modular furniture installation and services to be provided during the lease term.

Lessor shall use reasonable efforts to submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information, form attached hereto as Exhibit "I", at the time of signing this Lease and Agreement and thereafter on an annual basis on or before December 30th of each year of the term of this Agreement.

R. Lobbyists

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Lease and Agreement.

7. Paragraph 25. TENANT IMPROVEMENTS of the Lease is hereby amended, effective as of the New Term Commencement Date, as follows:

A. Lessor within ten (10) days after receipt of a duly executed copy of this Amendment No. 1 to Lease No.66751 document approved by the Board of Supervisors, will, at its sole cost, cause a licensed California engineer to prepare final working drawings and specifications for the proposed retrofit of the building with seismic upgrades pursuant to Chapter 95 of the Los Angeles City Building Codes up to a maximum cost of Seventy-Five Thousand (\$75,000.00) Dollars and No/100 (\$ 1.247 per square foot) as estimated by Lessor.

In addition to the seismic upgrades Additional Tenant Improvements to include asphalt paving over the existing parking and loading yard, deferred maintenance repairs and HVAC up to a maximum cost of Sixty Thousand Five Hundred (\$60,500.00) Dollars and No/100 (\$ 1.00 per square foot) as estimated by Lessor, which shall be completed by the Lessor.

Lessee agrees to reimburse Lessor for all additional tenant improvement costs and will amortize said cost with interest at the rate of 8 % per annum over the five (5) year lease term, payable monthly. The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of the tenant improvement cost and reduce the rental rate per Paragraph 3 accordingly. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said additional tenant improvements, Lessor shall provide to Lessee, upon the issuance of a final sign-off by the City of Los Angeles, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "A" with the right to audit these costs for a period of Twenty-four months from the date of commencement of the term of this Lease.

In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

Lessor shall provide any final working drawings, used to permit the projects, required from said preliminary plans with Lessee having the right to review and approve said final working drawings. All work, construction and materials shall be in final working drawings and specifications.

The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work to meet applicable code requirements necessitated by Lessee's special requirements shall be included as part of the tenant improvement allowance.

The Lessor's contractor shall submit three bids from sub-contractors for the construction of the major tenant improvements, i.e. seismic upgrades and paving, to the County for its review prior to award of the contract. The bids shall include an itemized list of all materials and labor and shall include all additional costs including A/E fees, permits, reasonable contractor's profit and overhead, and project management fees.

B. Completion

The parties agree that the estimated time for completion of said tenant improvements is 180 days from the date of issuance of the building permit. Lessor shall file for a building permit to construct the improvements within ten (10) days of completion of final working drawings and acceptance by Lessee and diligently pursue to obtain the permit as soon as possible.

Completion may be delayed by:

1. Acts or omissions of Lessee or of any employees or agents of Lessee (including change orders in the work), or
2. Any act of God which Lessor could not have reasonably foreseen and provided for, or
3. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
4. Any war or declaration of a state of national emergency, or
5. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the building Premises.

C. If Lessor fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed within sixty (60) days from the estimated time of completion, which period shall be extended

for a reasonable time for delays enumerated in subparagraph B above, Lessee may, at its option:

(1) Cancel the Lease upon thirty (30) days written notice to Lessor, during which time if the work is completed the cancellation notice shall be deemed withdrawn; or

(2) Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the tenant improvements itself.

(3) Reduce the rent by the value of the cost of the seismic upgrade, equal in value to the amount being amortized in the base rent over the term of the lease.

D. If Lessee elects to provide tenant improvements itself, then:

(a) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of making the tenant improvements and for any other purposes reasonably related thereto;

(b) Rent shall be reduced by Lessee's total expense in making the tenant improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of 8%. The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Lessee's total expense shall be fully amortized in equal monthly amounts over five (5) years.

8. Paragraph 27. RENTAL ADJUSTMENTS of the Lease is hereby amended, effective as of the New Term Commencement Date, as follows:

A. At the thirteenth (13) month of the new lease term and every twelve months thereafter, assuming November 1, 2003, as the New Term Commencement Date, the Monthly Base Rent shall be adjusted in accordance with the CPI formula set forth in Paragraph 27 B. The "Base Index" shall be the Index published for October 2003.

B. CPI Formula: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84-100), herein referred to as "Index".

The rental adjustment for the Monthly Base Rent shall be calculated by multiplying the Lessee's initial Monthly Base Rent of \$21,650.40, by a fraction, the numerator being the New Index which is the Index published for the month immediately preceding the month the adjustment is effective, which is the Index published for October, then add to the total result the amount needed to amortize Lessee's tenant improvements.

The formula shall be as follows:

$$\frac{[\text{New Index}]}{[\text{Base Index}]} \times \$21,650.40$$

The total of the Monthly Base Rent, the monthly cost to amortize additional tenant improvements and change orders, if any, shall be the new monthly rental rate, i.e.:

Monthly Base Rent
+ the amount to amortize additional Tenant Improvements, if any

+/- the amount to amortize change orders, if any

= New Monthly Base Rent

If the Index is changed so that the base year of the Index differs from that used as of the commencement date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United State Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order

to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration in accordance with Paragraph 22M for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. General Provisions: In no event shall the Monthly Base Rent adjustment based upon the CPI formula set forth in this Paragraph 27 result in an annual increase greater than five percent (5%) per year of the Monthly Base Rent of \$21,654.40 (i.e., no more than \$ 1082.70 per month, annually).

9. Paragraph 31. CONSIDERATION OF GAIN PROGRAM PARTICIPANTS shall be added to the Lease as follows:

Should Lessor require additional or replacement personnel after the effective date of this Agreement, Lessor shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.

10. Paragraph 32. SOLICITATION OF CONSIDERATION shall be added to the Lease as follows:

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a Lessor with the implication, suggestion or statement that the Lessor's provision of the consideration may secure more favorable treatment for the Lessor in the award of the lease or that the Lessor's failure to provide such consideration may negatively affect the County's consideration of the Lessor's submission. A Lessor shall not offer or give, either; directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the lease.

A Lessor shall immediately report any attempt by a County office, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Lessor's submission being eliminated from consideration.

11. Paragraph 33. LIMITATION OF AUTHORITY shall be added to the Lease as follows:

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action.

No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Lessor may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. County shall not reimburse Lessor for any expenses which exceed this ceiling.

12. All other terms and conditions of the Lease and Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No.1 or caused it to be executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR

The Rosalinde and Arthur Gilbert Foundation

By: _____
Martin H. Blank, Jr., Trustee

ATTESTED:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

By:
Deputy

LESSEE

COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By _____:
Deputy

EXHIBIT "I"
COMMUNITY BUSINESS ENTERPRISE FIRM

INSTRUCTIONS: All Lessors shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates Partners, Managers, Staff, etc.)

FIRM: NAME

ADDRESS CONTACT TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM:

	OWNERS/PARTNERS		
	ASSOCIATE PARTNERS	MANAGERS	STAFF
Black/African American	_____	_____	_____
Hispanic/Latin American	_____	_____	_____
Asian American	_____	_____	_____
Portuguese American	_____	_____	_____
American Indian/ Alaskan Native	_____	_____	_____
All Others	_____	_____	_____
Women (Should be included in counts above and also reported here separately)	_____	_____	_____

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

TYPE OF BUSINESS STRUCTURE:

(Corporation. Partnership, Sole Proprietorship, etc.)

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.:

PERCENTAGE OF OWNERSHIP

Black/African American	_____
Hispanic/Latin American	_____
Asian American	_____
Portuguese American	_____
American Indian/ Alaskan Native	_____
All Others	_____
Women (Should be included in counts above and also reported here separately)	_____

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS FIRM BY THE:

State of California?	Yes	No
City of Los Angeles?	Yes	No
Federal Government?	Yes	No

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

Firm Name:

Signed:

Date:

Title: